FOUNDATION TO EDUCATE GIRLS GLOBALLY (FEGG)

RISK MANAGEMENT POLICY

A. BACKGROUND

Foundation to Educate Girls (FEGG) was founded in 2007 to work towards girls' education by mobilising communities in some of the remotest parts of rural India. Dedicated to enhancing the education prospects of girls in rural and marginalized areas, FEGG champions the cause of the out-of-school girls (OOSGs), connecting them to education and, ultimately, better life opportunities. For the benefit of children aged 5 to 14 years, FEGG tackles the problem in primary education by applying a gender lens across all enrolment, retention, and learning activities.

For children above 14 years, Educate Girls deliver a second chance programme that helps participants earn crucial Grade 10 credentials. Community-level motivators deliver a combination of examination preparation + life-skills + career awareness, which would eventually help the girls and women, who have missed out on formal education, a second chance to significantly improved life opportunities.

FEGG recognises that any organisation is exposed to certain risks due to the nature of its activities and the environment in which it operates and that the key to any organisation's success is the effective management of risk to ensure its organisational objectives are achieved.

The risk management policy aims to demonstrate that FEGG is acting appropriately to anticipate risks; to assess risks; to avoid excessive risk; to embrace necessary or desirable risks with appropriate safeguards; that its response to risk, whether by insurance, control measures or avoidance, is proportionate and effective; that responsible staff are equipped to take risk-based decisions with confidence; and that responsible staff are intelligent in applying organisation's risk appetite.

This policy outlines the risk management policy and establishes the procedure to be followed with respect to identification, assessment and mitigation of any risk.

B. OBJECTIVE

Risk management aims at anticipating risks. Then it aims at preventing them from happening or at minimising their impact if they do happen.

Since responding to risk is intended to help an organization achieve its obejctives, risk management is integral to all aspects of the organization including strategic planning, decision-making, operational planning and resource allocation.

Risk management helps an organization to make more efficient use of resources, increase performance and minimize harm of staff, its beneficiaries and communities its serves.

The specific objectives of this Policy are:

- To ensure that all the current and future risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e., to ensure adequate systems for risk management.
- To act as an Early Warning System in identification of risks which could hamper the success of FEGG's vision and mission.
- To establish a framework for the company's risk management process and to ensure its implementation.
- To ensure Employees, Management, Donors and other persons associated with the Organisation are not put at risk from work carried out by Organisation.
- To ensure organisation is protected from adverse incidents, reduces its exposures to loss, and mitigates and controls loss should it occur.
- To foster a culture of risk awareness and responsible risk management across all departments.
- To strengthen our resilience in the face of unexpected challenges.
- To improve decision-making by considering risk factors and potential impacts.
- To optimize resource allocation by allocating resources more effectively to risk-mitigation efforts.

C. SCOPE

The Scope of the Policy shall cover:

- All functions and departments and all employees, associates and volunteers of FEGG across all offices and locations. This includes all users, information systems and paper files at the Company and approved third-party facilities.
- All Programs of FEGG.
- All events, both external and internal which shall have an impact on the objectives of the organization.

D. KEY DEFINITIONS

i) **Company / Organisation**: Foundation to Educate Girls (FEGG)

ii) **Board of Directors / Board**: As per "The Companies Act, 2013", in relation to a Company, means the collective body of Directors of the Company.

iii) **Finance Committee (Appointed by the Board)**: A sub-committee of the Board of Directors of the Company which has been constituted as a good governance practice to assist the Board in maintaining sound corporate governance framework and undertaking its fiduciary duties and responsibilities.

iv) **RMP / Policy**: Risk Management Policy

v) **Risk**: Risk is an event which can prevent, hinder and fail to further or otherwise obstruct the enterprise in achieving its objectives. 'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of its impact and probability of occurrence. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organisation continuously manages various types of risks.

vi) **Types of Risks**: Risk categories can be defined as the classification of risks as per the program activities of the organization and provides a structured overview of the underlying and potential risks faced by them. Categories and Sub-Categories of risks have been defined in the Risk Register.

vii) **Risk Appetite**: Risk appetite is the amount of risk, on a broad level, an organization is willing to accept in pursuit of value.

E. RISK GOVERNANCE

For successful implementation of risk management framework, a Risk Management Team (RMT) will lead the risk management process. RMT includes Chief Executive Officer (CEO) and Chief Financial Officer (CFO) or any other person as determined by the Board of Directors.

The RMT will be accountable to the Board:

a) To frame, implement and monitor the Risk Management Plan for the Company.

b) To ensure that the Risk Management Policy is being followed and effectively contributing to early identification of risks and proper mitigation process.

c) To review and approve list of risk identified, risk treatment and control mechanism.

F. RISK MANAGEMENT:

- **Risk management Process** - is defined as the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realisation of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

- **Risk Assessment**: It is a systematic process of identifying and analysing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

- **Risk Treatment - Mitigation**: Risk mitigation options are to be considered in determining the suitable risk treatment strategy. For the risk mitigation steps, the cost benefit analysis needs to be evaluated. Action plans supporting the strategy are recorded in a risk register along with the timelines for implementation.

- **Control and Monitoring Mechanism**: Using the output of risk assessment, counter measures to reduce the risks identified to an acceptable level as per FEGG's risk appetite, should be implemented. In circumstances where the accepted risk of a particular course of action cannot be adequately mitigated, such risk shall form part of consolidated risk register along with the business justification and their status shall be continuously monitored and periodically presented to Risk Management Team.

- **Monitoring and Reporting:** Each and every risk which is identified can be looked at with the lens of RACI matrix. The acronym RACI stands for Responsible, Accountable, Consulted, and Informed.

    i. Responsible: Manager/team member directly responsible for the task

    ii. Accountable: Anyone with final authority over the completion of a task. Example – Department head/ business unit head.

    iii. Consulted: The RMT which has unique insights can be consulted

    iv. Informed: RMT will inform the Board of Directors, if required

  RMT will monitor risks and treatment actions on an ongoing basis. RMT will be taking an informed decision and delegate the responsibility to mitigate the risk to an individual or a group of people.

  Performance of the risk management system and outstanding risk treatment actions will be reported by RMT to the Finance Committee on a quarterly basis. These risks will then be communicated to the Board of Directors on a quarterly basis.

G. RESOURCES TO IMPLEMENT RISK MANAGEMENT PROCESS:

a. Risk Register: A risk register should be used as a risk management tool and act as a repository for all risks identified and include additional information about each risk, e.g., nature of the risk, reference and owner, mitigation measures.

b. Department heads/ Managers and those responsible for Business Units should regularly review their risks and their management approaches to them, and note them on Risk Register.

c. Risks which are identified should be classified either as 'Internal Risk' or 'External Risk'. A risk is considered to be external when an organization has little or no control over if, when or how it might occur.

d. Risks should be further categorised based on its nature. Detailed list of sub-category of risks is given in the risk register.

e. It is very important to explain the risk in great detail. All the important points related to the risk should be mentioned in risk description.

f. Identify the impact if the risk is not treated in a timely manner. Based on the nature of the risk, the impact may be severe or minute.

g. Impact level of the risk should be categorised as low, medium or high.

h. Similarly, the probability of the occurrence of the risk should be categorised as low, medium or high.

i. Steps that should be taken to mitigate the risk should be mentioned so as to have a clear pathway to follow.

j. The financial impact if the risk is not mitigated should be identified. This can help take a better and informed decision if the rupee value of the risk is ascertained.

H. RISK MANAGEMENT POLICY INTERGRATION

Risk Management should be as per or compliment the related policies, principally in the following areas:

- Financial processes and controls
- Treasury Management
- Program management
- Human Resources
- Information Services and Information Technology
- Insurance
- Any other policy as may be implemented by the Organisation

I. OPERATION OF RISK MANAGEMENT POLICY

Formal review of both the risk management system and the Risk Register will take place on an annual basis by the RMT and the Board will assess the effectiveness of the Risk Management Policy annually.

This risk management policy is considered to effective from January 2024.

Document Change History and Revision Control

The history of modifications and changes to this document are reflected in this section. All changes, updates, revisions, or comments should be documented and reflected in this section.

Version	Sections revised	Description of revisions	Changed by	Approved by	Date
1.0	All	Initial Document Creation	Arif Sayyed	Vijaylakshmi S Maharshi V	January 2024